



Trends in
Investor Communications

8 Ideas to Enhance Your ESG Reporting



Introduction

About this Report

As environmental, social and governance matters have become central to engagement with investors and a broad range of stakeholders, reporting around this subject has gained momentum. In today's environment, the thoughtful communication of ESG is both a tremendous opportunity and – increasingly – a source of disclosure risk.

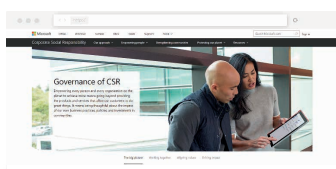
With this in mind, ESG disclosures are advancing with great momentum and entering investor communications in ways not seen before. In this Thought Piece, we highlight eight current trends to enhance the communication of ESG matters:

1. Statement from Leadership
2. Strategy
3. Governance and Board Oversight
4. Stakeholder Engagement
5. Materiality Assessment
6. Measuring Performance Targets and Goals
7. Supplemental Carbon Reports
8. Diversity and Inclusion

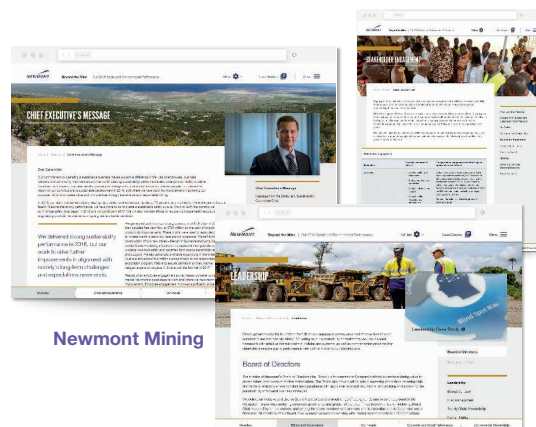
Featured Reports



McCormick



Microsoft



Newmont Mining



ExxonMobil



Nestlé



The Coca-Cola Company



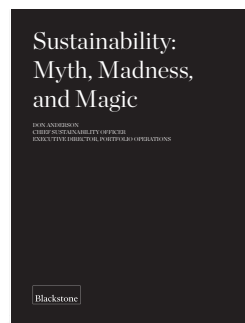
Patagonia



Southern Company



UPS



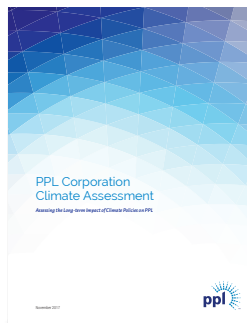
Blackstone



Cisco



PepsiCo



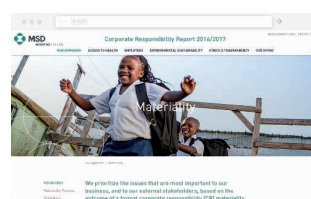
PPL Corporation



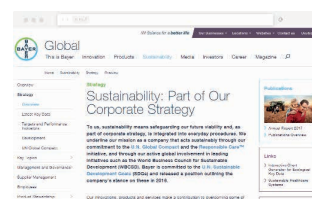
Campbell Soup Co



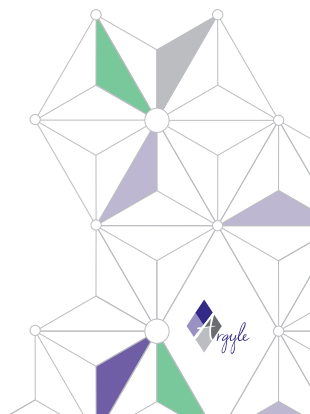
BrownFlynn



Merck

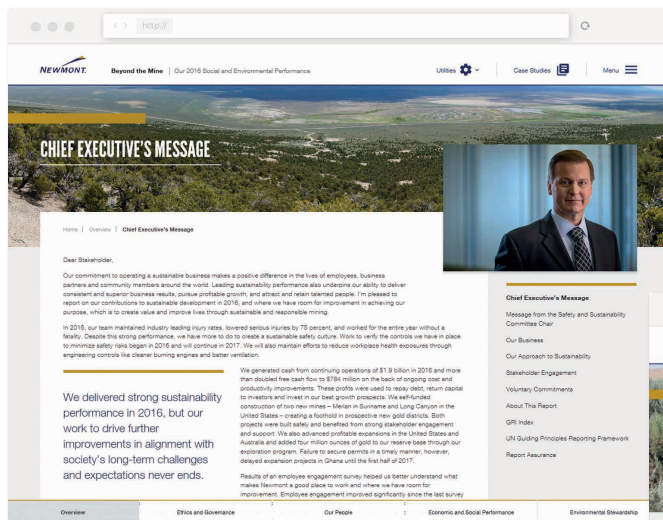


Bayer



Statement from Leadership

The letter from a senior member of leadership – most often the CEO – builds trust and accountability with stakeholders. It is an opportunity to present a corporate culture centered on societal issues and a company's unique capabilities. Above all, the letter defines a company's strategy to achieve sustainable, long-term growth while inviting stakeholders to be part of that story.

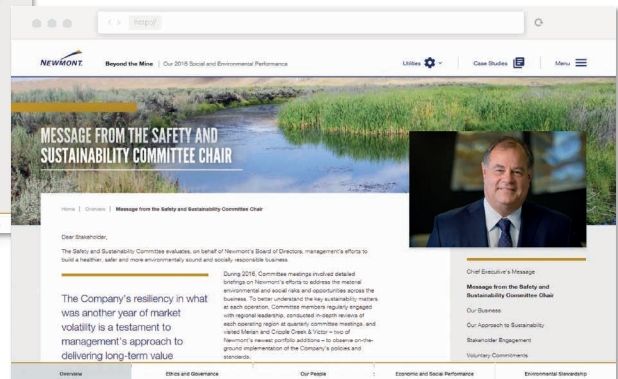


Newmont Mining

Like many companies, Newmont presents the roles of senior and mid-level leadership in executing the sustainability strategy across the organization. Where they stand apart is in their address from leadership which includes separate letters from the CEO and the Chair of the Board's Safety and Sustainability Committee.



<https://sustainabilityreport.newmont.com/2016/overview/chief-executives-message>



<https://sustainabilityreport.newmont.com/2016/overview/message-from-the-safety-and-sustainability-committee-chair>

The Coca-Cola Company

A hand-written letter from CEO James Quincey makes sustainability personal, and underscores the importance of consumer health. In his letter, Mr. Quincey aligns the perspective of the Company with the World Health Organization “way forward”, as he presents the long-term plan to reshape the business.



<https://www.coca-colacompany.com/content/dam/journey/us/en/private/fileassets/pdf/2017/2016-sustainability-update/James-Quincey-President-CEO-Letter-2016-Sustainability-Report-The-Coca-Cola-Company.pdf>

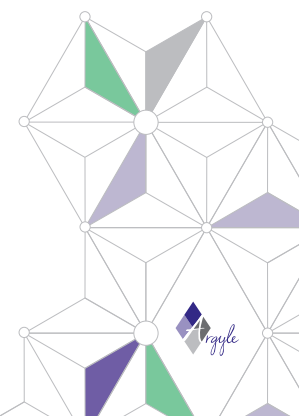
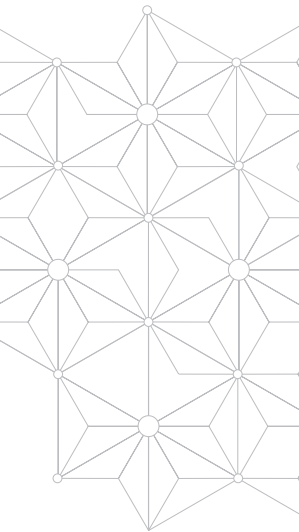


Patagonia

Patagonia's mission is to use the Company to, “inspire and implement solutions to the environmental crisis.” It is easy to tell that this is at the core of Patagonia's culture because environmental activism is the primary theme of the letter from CEO Rose Marcario.



<https://issuu.com/thecleanestline/docs/patagonia-enviro-initiatives-2017>



Strategy

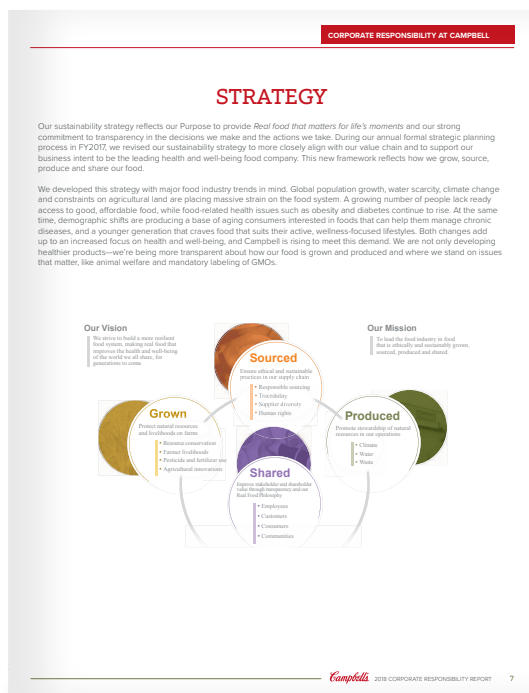
Effective reporting presents clearly how a company considers environmental, social and governance risks and opportunities. The ESG strategy should be aligned with the purpose of the organization, and be a key consideration in the pursuit to provide long-term, sustainable returns.

Campbell Soup Co

Campbell Soup Co outlines how they are developing healthier products while being more transparent about the supply and value chain.



http://www.campbellcsr.com/_pdfs/2018_Campbells_CR.pdf



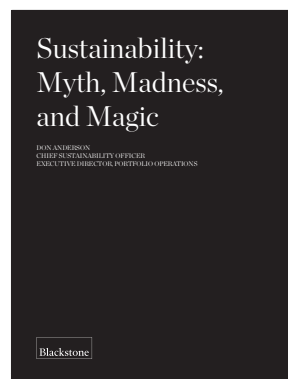
Blackstone

Rather than applying labels such as “green”, or “sustainable”, Blackstone has found they have the deepest impact by framing resource reduction and efficiency goals into a broader mandate to improve a company's operations.

“At Blackstone, we believe that the key to improving sustainability is tying it to the company's bottom line.”



<https://www.blackstone.com/docs/default-source/black-papers/sustainability-myth-madness-and-magic.pdf?>

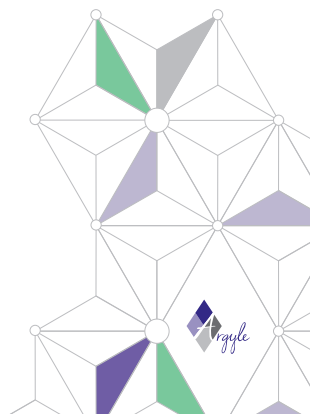
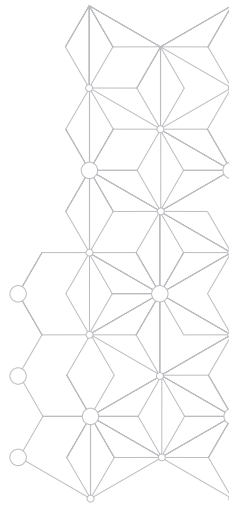
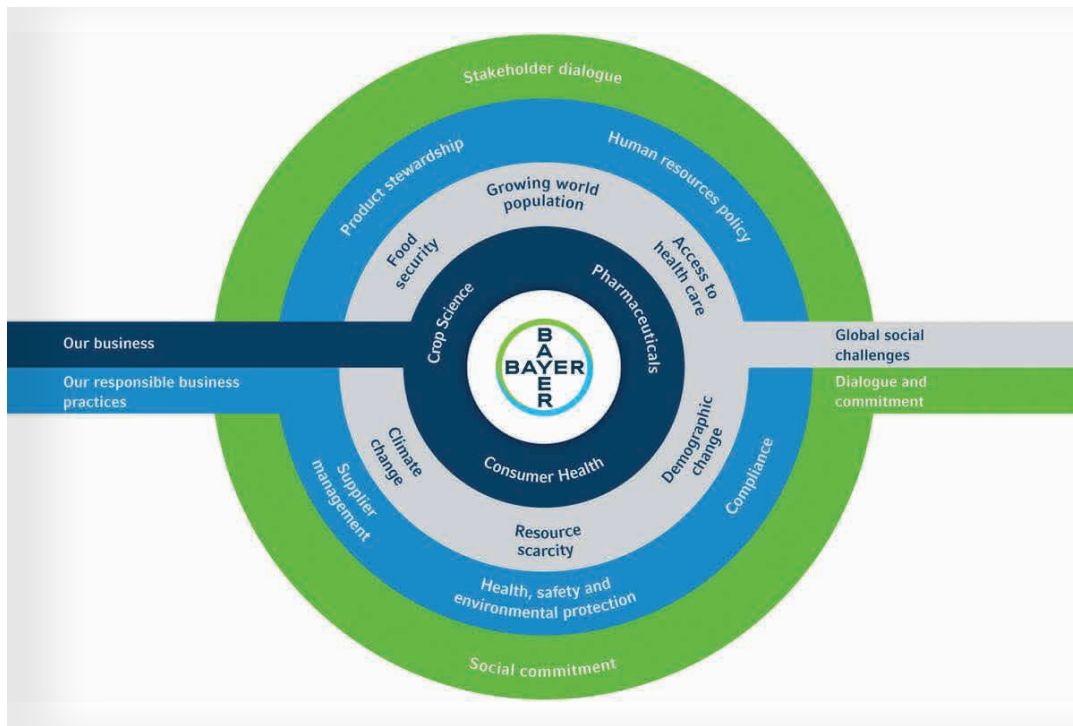
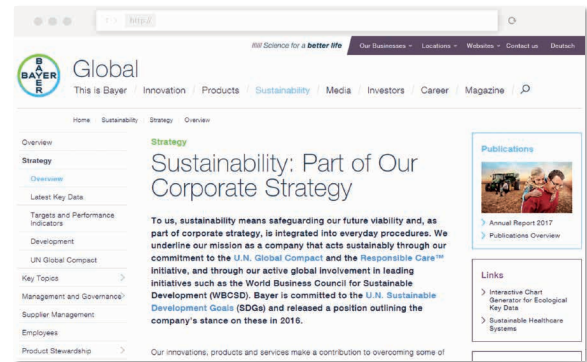


Bayer

Bayer uses a dedicated website to present in detail how sustainability plays a role in their vision “to generate sustainably profitable growth and secure our future business success”. There is also a clear outline of accountability and oversight at board and executive levels.



<https://www.bayer.com/en/sustainabilitystrategy.aspx>



Governance and Board Oversight

Sustainability governance is an integral part of the overall corporate governance structure and facilitates the integration of sustainability into business decision-making.



PepsiCo

At PepsiCo, all roads lead back to “Performance with Purpose”. The 2016 Sustainability Report describes in detail the roles and responsibilities of the Board, senior leadership, “thematic” and geographic leadership, and the sustainability office.



http://www.pepsico.com/docs/album/sustainability-reporting/pep_csr16_091317.pdf

GOVERNANCE

ROLES AND RESPONSIBILITIES

GOVERNANCE AS A DRIVER OF PERFORMANCE
We believe strong sustainability governance is the foundation for delivering on Performance with Purpose (PwP). At PepsiCo, sustainability topics are integrated into, and not separate from, our business.

ROLE OF THE BOARD OF DIRECTORS
As stewards of PepsiCo, our Board plays an essential role in determining strategic priorities and considers sustainability issues as an integral part of its business oversight. To align with our PwP 2025 Agenda, in early 2015, our Board redefined the roles of its Committees by creating a Public Policy and Sustainability Committee. The Committee assists the Board in providing more focused oversight for the Company's policies, programs and related risks that concern key public policy and sustainability matters.

ROLE OF PEPSICO'S SENIOR LEADERSHIP
In 2016, PepsiCo reviewed its sustainability governance structure to identify opportunities to strengthen the integration of PwP into its business agenda and processes. Beginning in 2017, the PepsiCo Executive Committee (PEC) assumed direct oversight of the sustainability agenda, strategic decisions and performance management. The PEC is made up of the Chairman & CEO, Sector CEOs and top functional leaders, ensuring that sustainability is a key accountability for every member of our senior leadership team.

Strategy and progress against our PwP goals are discussed during meetings of the full PEC on a quarterly basis. In between these quarterly meetings, PEC members remain actively engaged in executing against our PwP goals, driving the agenda with their teams.

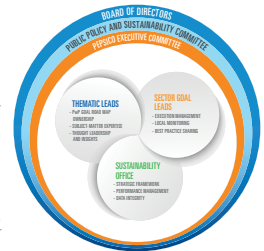
Dr. Mohamed Khan, Vice Chairman and Chief Scientific Officer, Global Research and Development, oversees the Company's implementation of PwP 2025 goals. Dr. Khan brings deep science-based knowledge and insights to guide the Company's product portfolio transformation, as well as an intimate understanding of the challenges and opportunities that lie at the intersection of food, the environment and people.

THEMATIC AND GEOGRAPHIC LEADERSHIP
The PEC has empowered select Senior Vice Presidents and Vice Presidents within the Company, referred to as Theme Leads, to create and oversee global strategy and execution for each of the PwP goals. These Theme Leads, selected for their subject-matter expertise, work with teams comprising representatives from key functions and all geographic sectors to ensure successful implementation of processes across our businesses.

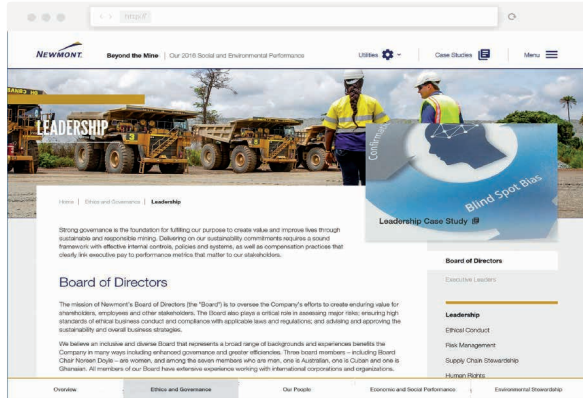
SUSTAINABILITY OFFICE
In 2016, PepsiCo formed a Sustainability Office to drive governance and delivery of the Company's sustainability agenda. The Sustainability Office works closely with Theme and Functional Leads from across the business to ensure continued performance progress against our PwP 2025 Agenda. It also plays a key role in bringing a sustainability lens to long-term corporate strategic planning and key business processes, ensuring that PwP is always embedded into the fabric of what we do as a company.

Another key role of the Sustainability Office is managing the integrity of the data on which we report. While our data management process has always been rigorous, our PwP 2025 Agenda, with its new set of goals, was the right opportunity to evaluate processes, outline improvements and implement enhancements to build on the strong foundation already in place.

A team within the Sustainability Office leads development of the robust data governance structure underpinning each of our PwP 2025 goals, ensuring accuracy, consistency and precision of the data, while driving accountability among our teams. It continues to work on capability to increase confidence in not only our internal data, but also data collected throughout our supply chain.



70 | PepsiCo Sustainability Report 2016

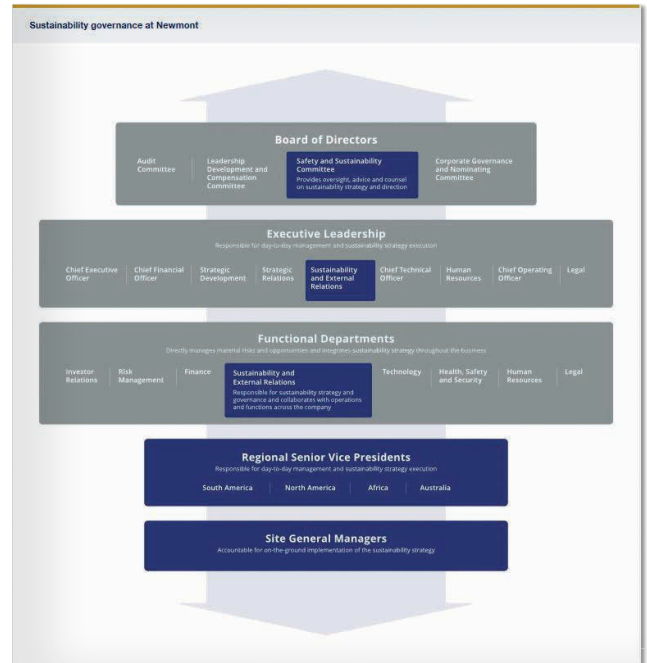


Newmont Mining

Newmont uses well executed visuals to help the reader develop an understanding of responsibilities for sustainability issues, from the Board to site general managers.



<https://sustainabilityreport.newmont.com/2016/ethics-and-governance/leadership>

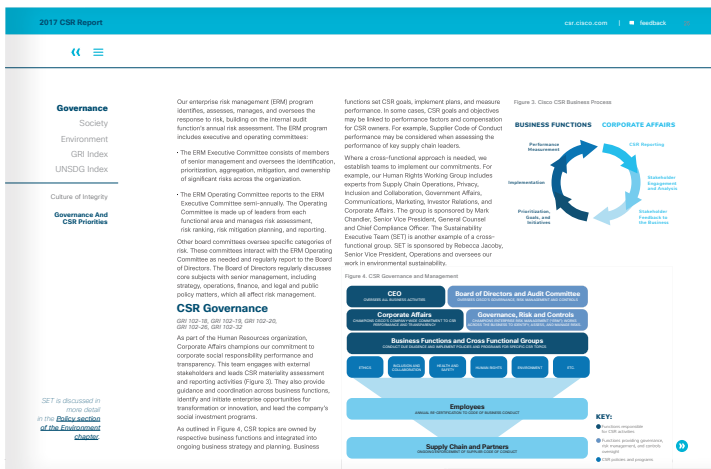


Cisco

In the 2017 Corporate Social Responsibility Report, Cisco presents in detail the roles and responsibilities of those responsible for CSR activities, including risk management.



<https://www.cisco.com/c/dam/assets/csr/pdf/CSR-Report-2017.pdf>



Governance and CSR Priorities

Our governance policies and practices are consistent with our commitment to best-in-class practices.

Corporate Governance

Key corporate governance policies and practices covering the election of Directors, composition and charters of the Board of Directors and Board

Risk Management

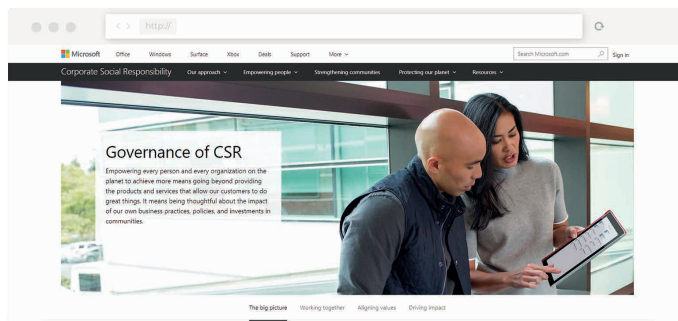
GRI 102-11, GRI 102-21, GRI 102-29, GRI 102-30, GRI 102-31, GRI 102-32

The Board of Directors, acting directly and through its committees, is responsible for the oversight of risk management across the business. This includes ongoing practices and programs to manage business risks and to align risk-taking with our efforts to increase shareholder value.

Committees, financial accounting policies, tax strategy, and the Code of Business Conduct, are available in our [Annual Report](#) and on our [Investor Relations](#) website.

Stakeholder Engagement

Stakeholder engagement is an opportunity for companies to present progress and gather feedback. Engagement can take various forms, from day-to-day engagement to more strategic and planned outreach, such as surveys, forums and other forms of stakeholder dialogue.



Microsoft

Microsoft uses a CSR website to publish a standalone Stakeholder Engagement document that presents the types of stakeholders they engage, how they engage, and examples of results achieved. Microsoft shares findings and practices with the larger community, thereby promoting industry dialogue, informing public debate, and advancing greater progress.



<https://www.microsoft.com/en-us/about/corporate-responsibility/governance>



Newmont Mining

Newmont identifies each stakeholder group, key topics and areas of interest, and presents a description of their approach to engagement. This enables the reader to cross-reference the various stakeholder groups' areas of interest, and navigate to further information.



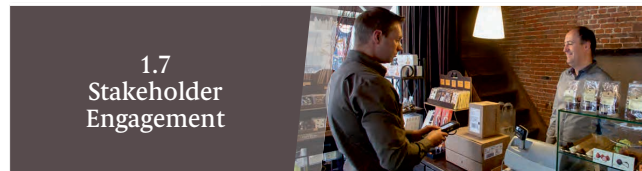
<https://sustainabilityreport.newmont.com/2016/overview/stakeholder-engagement>

UPS

Engagement is a cornerstone of the UPS sustainability strategy and essential to conducting their business. The Company uses a tabular presentation to highlight their mechanism for engagement, stakeholder expectations, and actions taken as a result of feedback.



https://sustainability.ups.com/media/2016_UPS_CSR.pdf



1.7 Stakeholder Engagement

102-42 | 102-43

We consider stakeholder engagement an essential aspect of UPS corporate governance. We are one of the world's largest private employers; we serve millions of customers in more than 220 countries and territories; and hundreds of thousands of investors include UPS stock shares in their portfolios either directly or via mutual funds.

Regular dialogue with employees, customers, investors, community leaders, universities, public officials, suppliers, and third-party providers through formal and informal channels is essential to conducting our business, as well as developing and implementing our sustainability strategies.

Because of our long history, we have been engaged with many of these stakeholders for decades. We are always looking for ways to help our customers, employees, and stakeholders do more. That is why we maintain ongoing dialogue with a broad array of stakeholders—even those who may be critical of us.

We stay in regular contact with stakeholders on emerging sustainability issues and trends, and periodically receive inquiries and requests for engagement from stakeholder groups. We are also open to initiating new stakeholder engagement activities to help inform our strategy. In 2015, we convened a cross-functional group of internal stakeholders who have responsibility for our material issues to help develop a framework to focus current engagements and identify new opportunities. We continue to refine our stakeholder engagement strategy in 2017.

The following table summarizes the highlights of our stakeholder engagement on sustainability issues during 2016. More in-depth discussions about many of these topics may be found throughout the Report.



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Introduction 1.7 // Stakeholder Engagement			
Summary of 2016 Stakeholder Dialogue and Outcomes 102-40 102-44			
Stakeholder Group	Mechanisms for Engagement	Stakeholder Expectations	Actions Taken
Customers	<ul style="list-style-type: none"> Customer Satisfaction Survey Quarterly Business Reviews and regular meetings Market research UPS.com Social media UPS sponsored events 	<ul style="list-style-type: none"> Reliable service and on-time delivery Consumer convenience Innovative supply chain solutions Streamlined returns 	<ul style="list-style-type: none"> Completed U.S. deployment of our On-Road Integrated Optimization and Navigation (ORION) software, which helps improve on time delivery and reliability Expanded UPS My Choice® membership and the UPS Access Point™ network services to offer customers and consumers more convenience and control Enhanced retail solutions portfolio by investing in Optoro, a technology company that helps retailers and manufacturers manage returns and excess inventory Hosted the UPS Sustainable Connections Summit to collaborate with customers and other stakeholders on key sustainability issues
Active and Retired Employees	<ul style="list-style-type: none"> Sustainability Ambassador Program Business Resource Groups Daily Pledge Communications Meeting Health & Safety Committees Annual Employee Engagement Survey UPSers.com and UPSers Connect Social media Union representatives Joint labor-management committees Town hall meetings 	<ul style="list-style-type: none"> Competitive pay and benefits Clear communication Work/life balance Career and growth opportunities Support of a diverse workforce Effective off-boarding 	<ul style="list-style-type: none"> Revamped high-potential employee strategy, performance management tools, and new employee integration Redeveloped rewards strategies to attract talent and retain employees in the competitive job market Introduced new tools to improve training, performance management, and succession planning Celebrated 10 years of the Women's Leadership Development Business Resource Group Hosted our second TEDxUPS event to celebrate diverse UPSers perspectives Held a global sustainability month to engage employees in UPS's sustainability efforts Enhanced Employee Engagement Survey to be more actionable Improved communications with retirees
Policymakers, government officials	<ul style="list-style-type: none"> Global advocacy and relationship building Multifaceted thought leadership strategy Facility visits and targeted outreach Collaborative partnerships 	<ul style="list-style-type: none"> Facilitating cross-border commerce Innovative solutions to congestion, noise, and air pollution Support for infrastructure investment and maintenance Support for a level playing field with logistics operators and postal entities 	<ul style="list-style-type: none"> Continued advocacy for cross-border trade and the development of emerging markets Leveraged UPS's real-world expertise to position as a global thought leader on trade and alternative fuels Collaborated with city officials to develop and expand solutions for more sustainable deliveries in urban areas
Investors	<ul style="list-style-type: none"> Investor Conference earnings communications Shareholder meeting Annual report Proxy statement Ratings and rankings 	<ul style="list-style-type: none"> Return on investment Continued investment in innovation Transparent reporting with credible data 	<ul style="list-style-type: none"> Hosted Investor Conference in early 2017 Added 1,250+ alternative fuel and advanced technology vehicles in 2016 (total fleet of over 8,000) Listed on Dow Jones Sustainability World Index for the fourth consecutive year and recognized at the Leadership level of the CDP Climate Change performance review Completed deployment of ORION in the U.S.
Communities	<ul style="list-style-type: none"> The UPS Foundation Employee Volunteer Program Community Relations Committees Humanitarian relief events 	<ul style="list-style-type: none"> Leveraging UPS expertise and resources to support humanitarian aid efforts Employee volunteerism and local support Road safety programs 	<ul style="list-style-type: none"> Delivered 488 shipments of goods to communities in urgent need Deployed 10 loaned managers to provide logistics expertise to disaster response and resilience programs Contributed more than 2.7 million employee volunteer hours in 2016
NGOs	<ul style="list-style-type: none"> Regular dialogue Topic-specific conferences and events 	<ul style="list-style-type: none"> Private-sector expertise and resources Collaboration on innovative solutions Transparent reporting with credible data 	<ul style="list-style-type: none"> Set new goals and KPIs, including engagement with leading environmental NGOs to develop goals for our global ground operations Pioneered new solutions, including drone delivery of medicine in Rwanda in partnership with Caw, the Vaccine Alliance and Zipline Updated UPS's Global Materiality Assessment in collaboration with BSR and other NGOs Collaborated with BSR's Future of Fuels program and WBCSD's Low Carbon Freight and Zero Emissions Cities Initiatives
Suppliers	<ul style="list-style-type: none"> Top Supplier meetings Supplier Diversity Program Research and Development of alternative vehicle technologies 	<ul style="list-style-type: none"> Leadership in testing and scaling alternative fuels and vehicle technologies Capacity-building support for local and diverse suppliers 	<ul style="list-style-type: none"> To date reversed 3750 million (including \$100 million in 2016) in alternative fuel and advanced technology vehicles and fueling stations globally Continued to support local and diverse suppliers throughout UPS

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Materiality Assessment

A materiality assessment identifies and prioritizes the most significant environmental, social and economic topics from the perspective of a company and its primary stakeholders. The result of the assessment helps a company create a document framework that informs stakeholders on the topics that they perceive to have the greatest risk or opportunity for the company. Additionally, establishing material topics can inform a company's strategic approach to sustainability reporting and inform investment and innovation opportunities.

Merck

Merck highlights topics that stakeholders have identified as having significant financial, operational or reputational impact on the Company, and illustrates where the Merck can have a significant impact on society and the environment.



<https://www.msdresponsibility.com/our-approach/materiality/>

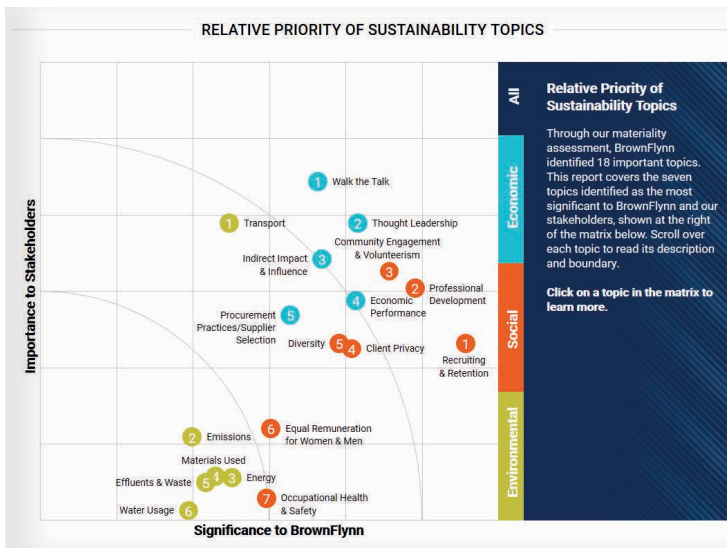
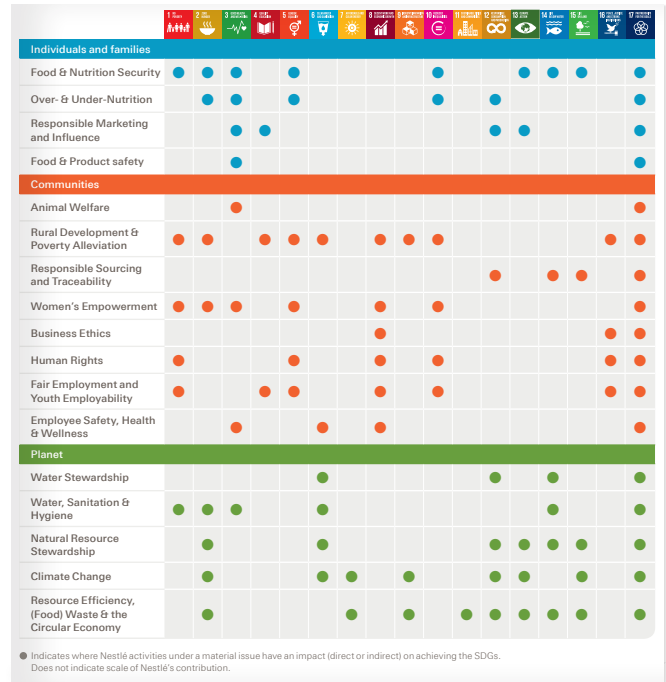


Nestlé

Nestlé presents a matrix of their materiality assessment and incorporates the impact of issues on the Company, individuals and families, communities and the planet. Outcomes are mapped across the value chain and relevant SDGs (Sustainable Development Goals) to demonstrate an understanding of how certain issues have a wider impact across business partners and society.



https://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-csv-full-report-2017-en.pdf

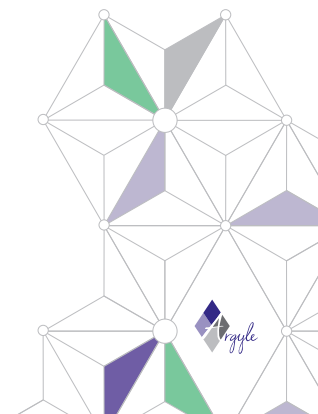


BrownFlynn

BrownFlynn's Sustainability Report walks the reader through the materiality assessment process. An interactive index identifies 18 materials topics, each mapped to the specific SDGs they support through their work.



<https://brownflynn.com/about/sustainability-report-2015-2016/materiality-assessment-stakeholder-engagement/material-topics-boundaries/>



Measuring Performance Targets and Goals

Communicating progress made against established goals is a key component to sustainability reporting because it informs stakeholders on performance, and is critical to demonstrating a company's rigor. It is important to develop and report specific and measurable key performance indicators (KPIs) for all material issues, and to report on these metrics regularly. This enables stakeholders to monitor performance trends, compare a company with peers, have a line of sight into company initiatives and understand the rationale when program changes are made.

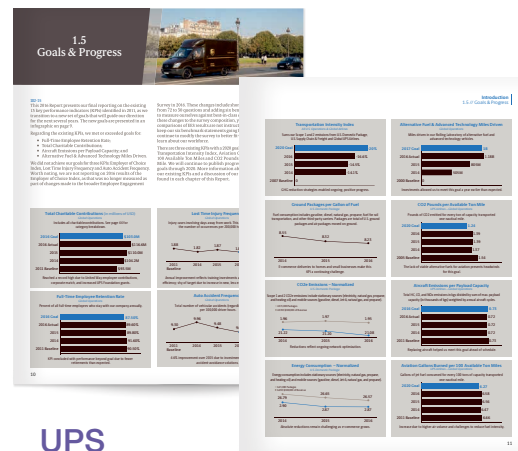


Campbell Soup Co

By presenting progress in a visual table, Campbell takes a descriptive, targeted and informative approach.



http://www.campbellcsr.com/_pdfs/2018_Campbells_CR.pdf

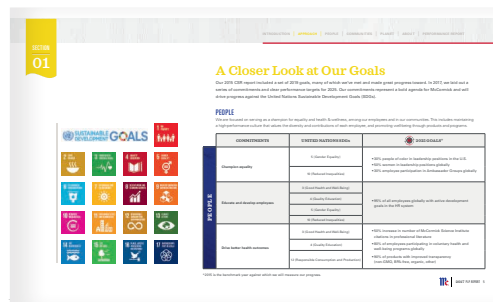


UPS

UPS uses simple graphics to track actual performance against goals each year. Metrics range from charitable contributions and employee retention, to transportation related emissions and energy consumption.



https://sustainability.ups.com/media/2016_UPS_CSR.pdf



McCormick

McCormick takes a different approach by aligning their corporate goals with the United Nations Sustainable Development Goals (SDGs). Each goal is then broken down into a McCormick 2025 specific goal, and progress towards each goal is documented.



https://d1doqjmisr497k.cloudfront.net/~media/corporate/media-section/files/plp_2017_report_us_english.pdf

Supplemental Carbon Reports

In the first quarter of 2018, 36 oil, gas and energy companies received shareholder proposals relating to climate resolutions. The following companies are among those that published supplementary reports to present progress and plans for the future.



Southern Company

Southern Company communicates progress towards achieving “an intermediate goal of a 50 percent reduction in carbon emissions from 2007 levels by 2030 and a long-term goal of low- to no- carbon operations by 2050.”



<https://www.southerncompany.com/content/dam/southern-company/pdf/corporate-responsibility/Planning-for-a-low-carbon-future.pdf>

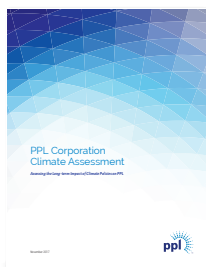


ExxonMobil

In response to a 2017 shareholder proposal, ExxonMobil published their inaugural *Energy and Carbon Summary* aimed at reducing emissions and global warming to 2 degrees centigrade. This report clearly outlines the current and future state of global energy requirements and the goal to achieve a low carbon future.



<http://cdn.exxonmobil.com/~media/global/files/energy-and-environment/2018-energy-and-carbon-summary.pdf>



PPL Corporation

PPL walks the reader through the planned migration of a portfolio that is primarily comprised of coal, to one that is 90% from current and new forms of renewables.



<https://www.pplweb.com/wp-content/uploads/2017/12/Climate-Assessment-Report.pdf>



About Argyle

We are a creative communications firm offering end-to-end, in-house execution capabilities.

Our experienced and passionate team is composed of attorneys, designers, project managers, thinkers and web developers. We collaborate together around a process that encompasses drafting, editing, designing and publishing across all digital and print channels.

We are thrilled that communications prepared by Argyle have contributed to trustful relationships between our clients and their readers, whether investors, employees or other stakeholders.

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